

RECORDATION NO. 23255 FILED

ALVORD AND ALVORD  
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DEC 15 '00 3-40 PM  
TS  
SURFACE TRANSPORTATION BOARD

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

OF COUNSEL  
URBAN A. LESTER

December 15, 2000

Mr. Vernon A. Williams  
Secretary  
Surface Transportation Board  
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of an Equipment Lease No. One, dated December 11, 2000, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Lessor: General Electric Capital Business  
Asset Funding Corporation  
C-97550  
Bellevue, WA 98009

Lessee: Kasgro Leasing, LLC  
320 East Cherry Street  
New Castle, PA 16102

A description of the railroad equipment covered by the enclosed schedule is:

8 flatcars LNAL (to be re-marked KRL) 70931 - 70937 and KRL 701202

JP

Mr. Vernon A. Williams  
December 15, 2000  
Page Two

A short summary of the schedule to appear in the index follows:

Equipment Lease No. One between General Electric Capital Business Asset Funding Corporation, Lessor, and Kasgro Leasing, LLC, Lessee covering 8 flatcars LNAL (to be re-marked KRL) 70931 - 70937 and KRL 701202.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm  
Enclosures

RECORDATION NO. 23255 FILEDEQUIPMENT LEASE NO. ONE  
Incorporating  
Master Equipment Lease Agreement dated December 11, 2000

DEC 15 '00 3-40 PM

## SURFACE TRANSPORTATION BOARD

THIS EQUIPMENT LEASE is entered into the 11 day of December, 2000 between **General Electric Capital Business Asset Funding Corporation** ("Lessor") whose mailing address is C-97550, Bellevue, Washington 98009 and **Kasgro Leasing, LLC** ("Lessee") whose address is **320 East Cherry Street, New Castle, PA 16102**

1. General

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor each Item accepted under this Lease on the terms and conditions set forth in this Lease and the above Master Equipment Lease Agreement (the "Agreement"). Lessor and Lessee hereby affirm the Agreement and incorporate its terms in this Lease by this reference. Various terms used in each of the two documents are defined with reference to the other.

2. Equipment Description

Set forth below or in Exhibit "A" attached hereto:

Name and Address of Supplier	Quantity	Complete Description of Equipment (New unless otherwise specified)	Price
Kasgro Rail Corp. 320 E. Cherry Street New Castle, PA 16402-00	7	New 70 foot 230 Ton 8 axle flat cars, car # LNAL-KRL 70931, LNAL-KRL 70932, LNAL-KRL 70933, LNAL-KRL 70934, LNAL-KRL 70935, LNAL-KRL 70936, LNAL-KRL 70937, together with all accessions, attachments and additions thereto and replacements thereof.	\$2,083,690.00
	1	New 70 foot 115 Ton 4 Axle Flat Car, car # KRL 701202, together with all accessions, attachments and additions thereto and replacements thereof.	170,000.00
TOTAL PRICE			\$2,253,690.00
FED. EXCISE TAX			\$
TRANSPORTATION			\$
OTHER			\$

3. Recovery Period Category for Federal Tax Purposes: seven (7) year property (See Section 10(b) of the Agreement)4. Cost and Date Limitations

The Total Cost of all Equipment accepted under this Lease (including manufacturer's invoice cost plus taxes, freight, installation and related costs approved by Lessor) shall not exceed **\$2,253,690.00**. No Item may be accepted under this Lease after **12/29/00**, ("Purchase Cut-Off Date").

5. Rent

Lessee will pay rent for each Item in the number of consecutive payments as shown below. Rent payments will be due and payable on each rent payment date during the Item's Lease Term. Each periodic rent payment will equal the Item's Total Cost (as specified in its Certificate of Acceptance) times the Periodic Rental Rate shown below.

Interim Rent:

Interim Rental Rate: **(30 Day Commercial Paper (Financial)) plus 3.00 percentage point(s)**

Periodic Rent:

Number of rent payments: **84**

Rent Payment Factor (for each installment): **1.197667%** percent (%) of Lessor's Cost of the Equipment

Payment Schedule: Monthly in arrears

Basic Term Length: 84

**Lessee Options at Expiration of Lease Term:** Section 16. Lessee's Options at Expiration of Lease Term is amended to include the following additional paragraph:

(d) Provided that the lease term of the Equipment described in the Schedule has not been terminated and that no Event of Default under the Lease has occurred and is continuing, Lessee shall have the option to purchase all but not less than all of the Equipment at the end of the sixtieth (60) month thereof (the "Early Purchase Option Date") for an amount (the "Early Purchase Option Price"), payable in immediately available funds, equal to 62.9038 percent (62.9038%) of the Acquisition Cost, plus an amount equal to all sales or excise taxes on or measured by the sale of the Equipment to Lessee, and provided further that Lessee shall have notified Lessor in writing of Lessee's intention to exercise such option not more than ninety (90) nor less than sixty (60) days prior to the Early Purchase Option Date. Such option shall be exercisable only as of the Early Purchase Option Date and at no other time. If the Early Purchase Option Price of the Equipment has not been paid to Lessor on the Early Purchase Option Date, Lessee shall continue to pay rent for the Equipment as specified in the Lease.

**6. Return Provisions:** In addition to standard return provisions contained within the lease contract, the following special return provisions apply:

- a. Lessee shall notify Lessor, in writing, of its intent to purchase or return the Equipment covered by the Lease 180 days prior to the lease termination date or any extension thereof.
- b. Equipment shall be clean, in good repair, free of rust, except surface rust that can be correctly removed by light sanding and shall have no broken, damaged, or missing parts.
- c. Unit or Component Issues
  1. All returned cars must meet the interchange requirements of the AAR and shall have no outstanding, uncorrected maintenance shortcomings.
  2. Lessee shall remove all decals, numbers and customer identification from the Equipment prior to its return and repaint the affected surfaces to match the existing color scheme.
  3. Wheels shall be inspected and gauged in accordance with applicable AAR Interchange rules and have a minimum of 50 percent of the original new maximum useable Service Metal Remaining when returned.
  4. All railcars will be subjected to a repair track air brake test and any components not meeting minimum requirements must be repaired or replaced as required under applicable AAR Interchange rules.
  5. Brake linings shall have a minimum of 50% of the usable wear remaining.
  6. Sheet metal, paint and body damage shall not exceed \$500.00 in total per railcar.
- d. Anytime within one hundred eighty (180) days of Termination, and if the Equipment is to be returned, Lessee will provide reasonable access to the Equipment for qualified, prospective buyers to view the equipment in full operation.
- e. If returned, a joint inspection will be performed between the Lessee and the Lessor to evaluate compliance with the above requirements. Any uncorrected faults found to exist will be noted for later correction or negotiation.
- f. The Lessee shall be required to provide up to 90 days storage at no cost to the Lessor. The Lessee shall be required to maintain insurance coverage during this storage period and upon termination of this storage period deliver the cars, at no cost to the Lessor, to one location within the Continental US as designated by the Lessor.

**7. Sales/Use Tax**

Sales or use tax shall be payable by Lessee on or along with each rent payment or upfront or Lessee will attach its sales/use tax exemption certificate, if applicable.

8. Required Documents

Unless Lessor shall have given written approval for partial payment, Lessor will be obligated to pay the Total Cost of any Item only when it has received and approved the following true and correct documents:

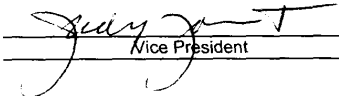
- (a) A Certificate of Acceptance for the Item signed by Lessee.
- (b) An original invoice from the vendor of the Item showing its Total Cost, or from Lessee if the transaction is a sale and leaseback of the Item.
- (c) If the invoice for the Item shows Lessee rather than Lessor as the "sold to" party, an assignment of the Lessee's purchase order, or, in Lessor's discretion a bill of sale for the Item from the vendor of the Item to Lessor, or from Lessee if the transaction is a sale and leaseback of the Item, in form and substance satisfactory to Lessor.
- (d) An authorizing board resolution and incumbency certificates or other authorization acceptable to Lessor.
- (e) If required by Lessor, a Guaranty of Lessee's obligations under this Lease together with authorizing board or partnership resolution of the guarantor.
- (f) The certificates of insurance or copies of policies required by Section 9 of the Agreement.
- (g) Uniform Commercial Code Financing Statement(s) as prepared by Lessor and signed by Lessee.
- (h) Such other documents as Lessor may reasonably request, including without limitation appropriate filings and notices if the transaction is a sale and leaseback of the Item.
- (i) Partial Payment Authorization (if applicable).

9. Closing Schedules

Lessor shall send Lessee one or more Closing Schedules with respect to this Lease setting forth any adjustments to Equipment description, payment schedules, stipulated loss values and other matters.

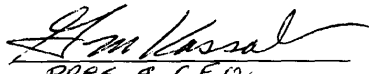
**LESSOR:**

**General Electric Capital Business Asset Funding Corporation**

By:   
Its: Vice President  
Date Signed: \_\_\_\_\_

**LESSEE:**

**Kasgro Leasing, LLC**

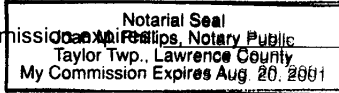
By:   
Its: PRES. & C.E.O.  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

STATE OF PENNSYLVANIA )  
 ) §  
COUNTY OF LAWRENCE )

On this 11th day of December, 2000, before me, a Notary Public, personally appeared G. M. Kassab and \_\_\_\_\_, to me known to be the President and CEO, respectively, of Kasgro Leasing, LLC, who executed the foregoing instrument and acknowledged the said instrument was the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.

[SEAL]

Joan M. Phillips  
Notary Public in and for the State of PA,  
residing at \_\_\_\_\_.

My Commission Expires \_\_\_\_\_  
  
Notarial Seal  
Joan M. Phillips, Notary Public  
Taylor Twp., Lawrence County  
My Commission Expires Aug. 20, 2001  
Member, Pennsylvania Association of Notaries

STATE OF Washington )  
 ) §  
COUNTY OF King )

On this 12th day of December, 2000, before me, a Notary Public, personally appeared Judy Johnston to me known to be the Vice President, of General Electric Capital Business Asset Funding Corporation, who executed the foregoing instrument and acknowledged the said instrument was the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned.

[SEAL]

Marsha N. Floyd  
Notary Public in and for the State of Washington  
residing at Federal Way, wa

My Commission expires: 10/15/02

